RECORD VERSION

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Introduction

Chairman Turner, Representative Sanchez, and distinguished Members of the Subcommittee on Tactical Air and Land Forces we thank you for this opportunity to discuss the Fiscal Year 2014 (FY14) budget request as it pertains to Army Ground and Aviation Systems Acquisition and Modernization as well as your steadfast support and shared commitment in this endeavor on behalf of the Secretary of the Army, the Honorable John McHugh and the Army Chief of Staff, General Ray Odierno. I would also like to thank you for help in providing the Army the means to award multi-year contracts through the passage of the Appropriations bill which funds the Department of Defense through the rest of the Fiscal Year. This alone will save the Taxpayer over two billion dollars in cost avoidance. We are pleased to represent U.S. Army leadership, members of the Army Acquisition workforce, and the more than one million courageous men and women in uniform who have deployed to combat over nearly twelve years, who have relied on us to provide them with world-class weapon systems and equipment to ensure mission success.

Army Equipment Modernization Strategy

As we look to the future, our priority is to maintain the best equipped Army in the world and to ensure we are postured to fight and win the next conflict. We recognize the need to shape the Army with an understanding of both our national security obligations, the strategic rebalancing to the Asia-Pacific region, and current fiscal constraints. The theme of our Equipment Modernization Strategy is “versatile and tailorable, yet affordable and cost-effective.”

The centerpiece of this strategy is the Soldier and Squad, ensuring that we continue to maintain asymmetric advantages in mobility, logistics, command and control, and intelligence. The Soldier and Squad must be enabled through the Network, facilitating decision-making across the Joint Force, and delivering this capability with focused investments in key enabling technologies. The Soldier and Squad Investment Plan provides our small units with a range of equipment including individual and crew-served

weapons, next generation optics and night vision devices, body armor and advanced individual protection equipment, providing lethality and force protection to the Soldier on the ground. Our combat and tactical vehicle fleets are also being developed to network this more capable squad, provide increased lethality and mobility, while optimizing survivability through the use of armor packages that can be scaled to meet mission requirements. In the same manner, aviation improvements will provide our forces with greater mobility and responsiveness.

This approach helps achieve the optimal balance between obsolescence of existing capabilities, innovation, and overmatch capabilities through new technologies and weapon systems. As a result, our approach must be agile and strategic moving forward, reflecting the need to modernize equipment in key portfolios, leveraging mature capabilities where appropriate, and addressing the needs of the Industrial Base. Maintaining technological advantage over our adversaries will be paramount, so our strategy must include a balanced investment between mature technologies for system upgrades, and research investments between evolutionary and disruptive technologies.

To achieve this strategy within our fiscal constraints, we must make focused investments in capability. As such, we are engaged in a detailed assessment of our various equipment portfolios to determine our future investment, sustainment, and divestiture posture. This will be the first time we have projected out 30 years, ensuring that we understand the threat and associated capability gaps, and from that developing our investment strategy across Science and Technology and Acquisition Programs of Record. Alignment across this process, as well as affordability, will be key. Maintaining critical Industrial Base sectors and preserving the capacity to surge when the need arises will also be a priority.

Our approach must consider rapid changes in technology, and where our traditional process does not suffice, we must institutionalize new processes for rapid acquisition that allow us to be responsive to the threat and agile in delivering new capability. We will leverage the government, academic and commercial sectors to deliver this

capability, and will continue to execute efforts like the Network Integration Evaluations. These evaluations ensure a holistic approach to integration that assesses the latest, innovative technologies while creating efficiencies across our test programs.

Key principles within our Equipment Modernization Strategy include:

- Fostering competition to reduce cost and improve quality
- Reducing complexity to the Soldier to use and maintain equipment, thus reducing our training requirement
- Emphasizing interfaces and interoperable standards with our joint and coalition partners
- Divesting equipment as a means to modernize with limited resources
- Balancing modernization with changing threats, missions and technologies, as we manage impacts on training and sustainment

Priority Army Programs in FY14

The President's Budget for FY14 supports the 2013 Army Equipment Modernization Plan, which identifies the Army's highest modernization priorities, listed below. Nearly half of them are associated with the network, which the Army is committed to developing and fielding as a single entity. Network Modernization seeks to provide the same basic capabilities from home station to the lone dismounted Soldier in theater. The Army is also striving to become hardware agnostic by focusing on software applications that meet our unique needs. These applications must be able to operate on existing hardware, and meet requirements for interoperability with other applications.

A major contributor to the successful development of new network capabilities is the Network Integration Evaluation (NIE), conducted on a semi-annual basis at Fort Bliss, Texas. The NIE provides an operational venue to evaluate and integrate new commercial technologies and network capabilities for possible inclusion into the network before it is fielded to operational units, thereby relieving those units of the integration

burden. Resources have been added to the FY14 budget request to allow procurement of commercial products evaluated and recommended for fielding based on NIE results.

Warfighter Information Network-Tactical (WIN-T) WIN-T provides a secure and reliable broadband network that supports tactical communications (voice, data, and video), enabling mission command while on-the-move. It features the latest technology to plan, manage, fight and defend the network. This capability will be delivered in incremental stages. WIN-T Increment 1 fielding was completed in FY12 and the budget request supports planned technology upgrades to enhance interoperability with subsequent increments. WIN-T Increment 2, which delivers a mobile network capability from Company level to theater, is currently being fielded to deploying units. The budget will procure WIN-T Increment 2 equipment for 4 Brigade Combat Teams and 2 Division Headquarters. The budget request supports WIN-T Increment 3 continued development of the full networking capability, including additional connectivity via employment of an airborne tier.

Family of Network Tactical Radios The Family of Network Tactical Radios, to include the former Joint Tactical Radio System (JTRS) and the Mid-Tier Networked Vehicular Radio (MNVR) programs, is the future deployable mobile communications family of tactical radios, providing advanced joint tactical end-to-end networking data and voice communications to dismounted troops, aircraft, and watercraft platforms. The FY14 budget request provides an interoperable family of advanced single and dual-channel radios in CS-14 providing Soldiers, sensors and platforms with tactical, lower tier networking communications capability.

Joint Battle Command-Platforms (JBC-P) JBC-P will provide a foundation for achieving information interoperability on current and future battlefields and will be the principal Command and Control/Situational Awareness system for the Army and Marine Corps at the brigade-and-below level. JBC-P leverages our investment in 88,000 Force XXI Battle Command Brigade and Below (FBCB2) systems (all maneuver formations) with improved situational awareness capabilities. The FY14 budget request provides

funding for JBC-P program products that will distribute accurate digital Command and Control and Situational Awareness at all echelons down to the platform level, populate the tactical Common Operating Picture, and reduce the risk of fratricide.

Distributed Common Ground System-Army (DCGS-A) DCGS-A provides integrated intelligence, surveillance, and reconnaissance processing, exploitation, and dissemination of data from airborne and ground sensor platforms. It assembles information from over 600 sources so analysts can detect patterns and offer actionable intelligence to our units, including enemy target identification. DGCS-A is designed to provide commanders with improved situational awareness, as well as the ability to rapidly shift focus to meet current and emerging battlefield threats. Funding in FY14 will provide Research, Development, Test and Evaluation (RDT&E) funding for the design and development of the future software release. The budget request will also provide funding to modernize and procure components for the DCGS-A fixed Sites, Data Centers, mobile variants, and DCGS-A enabled Program of Record (POR) systems, setting the conditions for the Army's Intelligence, Surveillance, and Reconnaissance (ISR) component of the Command Post Computing Environment (CPCE).

Nett Warrior Nett Warrior provides an integrated situational awareness system to the dismounted leader which allows for fast and accurate decisions in the tactical fight. Funding in FY14 will provide maneuver capability to BCTs in support of deploying Soldiers and continue requisite testing to support a Full Rate Production decision.

Ground Combat Vehicle (GCV) GCV is the Army's replacement for Infantry Fighting Vehicles in Armored Brigade Combat Teams (ABCTs). Modernization imperatives include improved protection, mobility, capacity for a full nine Soldier infantry squad, and sustainment; built-in growth capacity; and network integration. The FY14 budget request will allow the refinement of the GCV requirements set, close out the Technology Development phase, and allow the awarding of an Engineering and Manufacturing Development (EMD) contract.

Armored Multi-Purpose Vehicle (AMPV) The AMPV program is an essential element of the Army's Combat Vehicle Modernization Strategy to replace an aging M113 fleet that lacks protection, mobility, and the ability to accept future upgrades. The AMPV will provide required protection, mobility, and networking capabilities for five critical enablers (mortars, medical evacuation and treatment, mission command, and general purpose) of the combined arms team. The budget request supports the evaluation of vendor proposals in preparation for Milestone B and subsequent entry into the Engineering and Manufacturing Development (EMD) phase.

Paladin Integrated Management (PIM) The PIM program replaces the current M109A6 Paladin and M992A2 Field Artillery Ammunition Supply Vehicle by incorporating Bradley common drive train and suspension components with a new chassis design. PIM addresses a long-standing capability gap in the self-propelled artillery portfolio brought about by an aging fleet and the termination of prior modernization efforts. The budget request supports continued PIM Developmental Testing and Low Rate Initial Production of 18 PIM systems and non-recurring costs for the production contract.

Joint Light Tactical Vehicle (JLTV) JLTV provides Army and Marine Corps Warfighters more payload, protection, and network capability than the High Mobility Multipurpose Wheeled Vehicle (HMMWV), and more fuel efficiency than the HMMWV or Mine Resistant Ambush Protected (MRAP) vehicles. Funding in the FY14 budget request supports the continuation of the EMD phase of the program and allows the test community to observe non-EMD vendor tests and to include those vendors in Limited User Tests.

Rotorcraft Acquisition and Modernization

The past decade of conflict has identified challenges faced by rotary wing aircraft conducting operations in high, hot conditions, limits to aircraft/passenger survivability, and high operational costs. The Army’s recent aviation modernization investments maximize AH-64 and UH-60 fleet performance.

OH-58D/F Kiowa Warrior The OH-58D Kiowa Warrior provides essential aerial reconnaissance and security of ground maneuver forces and has the highest operational demand of any Army rotary wing aircraft. The budget request supports the OH-58F Cockpit and Sensor Upgrade Program (CASUP) and continues OH-58D fleet upgrades to include manned-unmanned teaming, weight reduction, and resolution of current obsolescence issues. To address long-term obsolescence in the Kiowa Warrior, the OH-58F CASUP improves avionics through modernization of: interoperability; Aircraft Survivability Equipment (ASE); armament and sensors; digital cockpit display, improved processor; navigation guidance; and communication and identification. The OH-58F CASUP capability improvements are largely centered on the Nose-Mounted Sensor (NMS), which will replace the much less capable Mast-Mounted Sensor (MMS). Additionally, CASUP will fully integrate several aircraft systems that are currently federated, redesigns, and replace the entire aircraft wiring harness, and add a capability to integrate future digital weapon systems.

Improved Turbine Engine Program (ITEP) ITEP is the next generation engine being developed to reduce fuel usage, increase performance, improve reliability, and lower maintenance. If the ITEP capability goals are achieved, it may lead to a 25 percent specific fuel consumption decrease, 35 percent production and maintenance cost decrease, 65 percent horsepower to weight increase with 20 percent engine life design increase, and may incorporate a Condition Based Maintenance plus (CBM+) package.

CH-47F/MH-47G Chinook The Army is fully committed to the procurement of 533 Army CH-47F Chinook and U.S. Special Operations Command (SOCOM) MH-47G aircraft, which are meeting or exceeding all expectations in theater. The Army plans to sign a second 5-year multi-year contract to procure the CH-47F Chinook, which will yield a cost avoidance of 19.2 percent, or $810M.

UH-60L Black Hawk The Black Hawk program continues to move forward with continued investments in modernization to keep the Blackhawk fleet relevant through 2035. Current modernization efforts include cockpit digitization and development and

integration of the Improved Turbine Engine. The Army awarded the 8-year multi-year contract for Black Hawk, which has realized a cost avoidance of 15 percent, or $1.4B.

As budgets decline, we recognize that it will be difficult to resource Army Aviation at the same level in the future. We continue to successfully modify, upgrade, and remanufacture existing platforms to extend the life of our aircraft and keep our aircrews safe.

Defense Industrial Base (DIB)

The timeline to end combat operations, coupled with a changing fiscal environment, will prompt the Army's Commercial and Organic Industrial Base (OIB) to adjust to a new reality of constrained resources and reduced requirements. Of great concern to the Army are the likely long-term impacts of the current fiscal environment including the loss of critical skill sets, the loss of suppliers at all tiers, and an increase in the number of single point failures in the supply chain affecting Army logistics and OIB operations. The Army is evaluating how to preserve needed capabilities in the OIB by modernizing facilities through new technology, training, and plant equipment. We continue to work with the Office of the Secretary of Defense (OSD) on the Sector by Sector – Tier by Tier (S2T2) Survey to evaluate impacts on all DIB sectors. We intend to address critical impacts within our equipment portfolios through planning for ongoing and future modernization efforts.

The Army continues to produce Industrial Base Baseline Assessments that provide leadership with assessments of current operations, risks, and issues in the Army Industrial Base. The Army has implemented long-range facilities and construction planning for arsenals and ammunition plants, which include modernization projects to upgrade facilities, and modernizing equipment and manufacturing processes. Phase 1 of the S2T2 Survey is complete, with initial data from the Army Industrial Base under review to determine critical impacts to skills, manufacturing capabilities, and expertise the Army needs.

The Army is also conducting a comprehensive Combat Vehicle Portfolio Industrial Base Study through A.T. Kearney, a global management consulting firm. The 21-week study, expected to be completed in June 2013, is assessing the commercial and organic combat vehicle industrial base, viable strategic alternatives, and sustainment of the combat vehicle industrial base in a constrained fiscal environment.

Acquisition Transformation

The Army continues to prioritize affordability, sound program management, and achievable requirements in our acquisition efforts. The Army has taken specific steps to address and avert the leading causes of program cancellations in the past. Requirements and acquisition strategies in our major programs (GCV, Nett Warrior, and JLTV) have been carefully tailored to mitigate risk and facilitate achievable results. An Army blue ribbon panel review in 2010 recommended long-term improvements to our processes over the long term. Implementation is nearly complete on this effort (55 of 63 recommendations have been implemented to date). The Army has also embraced OSD Better Buying Power initiatives designed to address cost and schedule risk in programs and achieve better value for the taxpayer.

Ongoing improvements include revising our requirements development process to facilitate cost-informed decisions on a collaborative and timely basis. The Army is also revising requirements approval processes to focus on truly “must-have” capabilities in an effort to control costs. We are also expanding the use of multi-year contracts to achieve efficiency, increasing our emphasis on mature technologies, and improving the availability of analytic research in acquisition decisions to achieve best value for the Army.

The Stryker program is one example of the effective application of “should-cost” estimates, incentivizing efficiency, and lower overall costs. The Army achieved considerable savings combining the Double-V-Hull and the Nuclear, Biological, Chemical Reconnaissance Vehicle buys, while pursuing efficiencies gained in test

methodology. Existing test data was effectively utilized and test events were also combined to achieve efficiency.

Closing Comments

These are challenging times for the nation and our Army. The next several years will be pivotal for Army Ground Systems and Rotorcraft. The resources provided to the Army to conduct on-going operations while modernizing and posturing for the next generation of Warfighter capabilities will determine our continued ability to accomplish our mission and meet future commitments. To execute these plans, we need your continued advice and support.

We can assure the Members of this Subcommittee that your Army's senior leaders remain focused and are working hard to address current challenges and the needs of the Army now and in the future. We will do this with affordability as our watchword as we endeavor to remain good stewards of our nation's resources.

Mr. Chairman, Members of the Subcommittee, we thank you again for your steadfast and generous support of the outstanding men and women in uniform, our Army Civilians, and their Families.